

STATEMENT OF
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BEFORE THE

SUBCOMMITTEE ON ENERGY AND MINERALS RESOURCES
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ON THE
FISCAL YEAR 2016 BUDGET REQUEST

MARCH 18, 2015

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to testify on the Fiscal Year 2016 budget request for the Office of Surface Mining Reclamation and Enforcement (OSMRE).

This is a responsible budget request that maintains core capabilities for the protection, preservation and restoration of mined lands; restoration of lands left unreclaimed; and technical assistance and training to States and Tribes. The budget proposes targeted investments to advance the application of technology in the implementation of the Surface Mining Control and Reclamation Act of 1977 (SMCRA), youth employment, and legislative proposals to improve coal country communities, provide for economic development and protect retired coal miners and their families.

The SMCRA established the Office of Surface Mining Reclamation and Enforcement for two primary purposes: first, to assure that the Nation's coal mines operate in a manner that protects citizens and the environment during mining operations and restores the land to productive use following mining; and second, to implement an Abandoned Mine Lands (AML) program to address the hazards and environmental degradation remaining from two centuries of loosely regulated mining. These tasks are vital to public health and safety, and the environmental well-being of the United States.

The SMCRA strikes a balance between the protection of the environment and the need for energy. Nearly 38 years after the passage of SMCRA, coal remains an important fuel source for our country, generating about 40 percent of our Nation's electricity.

While new energy frontiers are being explored, including the development of clean coal, conventional coal production is essential to the Nation's energy requirements. In order to ensure that coal is produced in an environmentally responsible way, OSMRE is committed to carrying out the requirements of SMCRA in cooperation with States and

Tribes. Of the almost 2,300 employees involved in carrying out these responsibilities on a daily basis, less than 25 percent are employed by OSMRE. The rest are State and Tribal employees who implement programs approved by the Secretary of the Interior with assistance from OSMRE. States permit and regulate 97 percent of the Nation's coal production. States and Tribes also abate well over 90 percent of the AML problems.

The major tasks for OSMRE are to ensure that States and Tribes successfully address coal mining activities by ensuring they have high-quality regulatory and AML frameworks and to oversee implementation of their programs. Importantly, OSMRE also provides technical assistance, funding, training, and technical tools to the States and Tribes to support their regulatory and reclamation programs.

Currently, 24 States have approved regulatory programs in place pursuant to Title V of SMCRA. There are 25 States and three Tribes that administer approved AML programs pursuant to Title IV of SMCRA.

Since enactment of SMCRA in 1977, OSMRE has provided reclamation grants to States and Tribes to clean up mine sites abandoned before passage of SMCRA. In the course of addressing health, safety and environmental problems, over 360,000 acres of high priority abandoned coal mine sites have been reclaimed under OSMRE's AML Program, though many sites still remain.

Fiscal Year 2016 Budget Request Overview

The FY 2016 budget request for OSMRE totals \$160.5 million in discretionary spending and supports 511 equivalent full-time positions. Compared with the 2015 enacted level of \$150.1 million, this represents a net increase of \$10.4 million. The budget requests resources to fund Federal, State and Tribal programs that permit and regulate domestic coal production, and reclamation of abandoned coal mined lands to eliminate public health dangers and restore the environment; and to oversee and evaluate regulatory and reclamation programs, and provide technical training and assistance.

Investments are requested for science and technology to build a landscape level understanding of our resources and provide for science-based decision-making; to provide for dedicated staff and youth opportunities in reforesting coal mined lands; and to review AML project plans, and evaluate AML program implementation, including identifying more effective and efficient tools for AML site identification, contract management, and program oversight.

OSMRE's budget also contains an estimated \$926.1 million in 2016 in mandatory funding. This spending includes \$185.3 million for reclamation grants to non-certified States and Tribes (those with remaining abandoned coal mine problems) from the Abandoned Mine Reclamation Fund; and \$177.4 million for three health care plans that are part of the United Mine Workers of America (UMWA) Health and Retirement Funds for specified health benefits to miners and their families. An additional \$200 million for

reclamation grants and \$363.3 million for health care and pension plans within the UMWA Health and Retirement Funds is also requested. As part of the President's POWER+ Plan, the additional funding requires legislative changes and will build new development opportunities and new jobs in communities impacted by coal abandoned mine lands, and strengthen the health and retirement security of coal miners and their families.

Current Appropriations

Regulation and Technology Appropriation

The OSMRE's overall FY 2016 budget request includes \$128.4 million for the Regulation and Technology appropriation, \$5.7 million above the 2015 enacted level. This includes funding for fixed costs for pay and other items, and funding for program monitoring and support services. The request of \$65.5 million for State and Tribal regulatory grants is \$3.1 million less than the 2015 enacted level and is estimated to fully fund those programs based on the annual return of at least \$3 million in appropriated funds at the end of the grant cycles. A reduction in OSMRE's budget of \$1.9 million is proposed due to anticipation of offsetting collections. For Federal Programs where OSMRE is the regulatory authority for coal mining operations, OSMRE is finalizing a new structure for recovering more of the costs to review, administer, and enforce permits for coal mining.

The programmatic increases support improvements and investments in technology to implement SMCRA and support State and Tribal programs. These include: \$3.8 million for additional technical staff to support improvements in the implementation of existing laws and technical assistance to States/Tribes; \$1.25 million for electronic permitting and Federal cost recovery data applications; \$2.5 million for expansion of the GeoMine Project (a coal mining geographic information system) to share data among States, governments, industry and the public to provide for more efficient, quality decisions; \$1.2 million for funding to provide to states and universities for technical studies specific to coal mining activities; and \$1 million to expand reforestation of reclaimed coal mine sites and provide opportunities for youth engagement.

The remaining portion of the request for the Regulation and Technology account provides funding for OSMRE's regulatory operations on Federal and Indian lands, evaluation and oversight of State regulatory programs, technical training and other technical assistance to the States and Tribes as well as administrative and executive activities.

Abandoned Mine Reclamation Fund Appropriation

The request includes \$32.1 million for the AML appropriation, which is \$4.7 million above the 2015 enacted level. The budget supports OSMRE's program evaluations and reclamation operations, watershed cooperative agreement projects, fee compliance and audits, technical training and other technical assistance to the States and Tribes as well as administrative and executive activities. Increases are proposed for \$2.3 million to support project planning and monitoring and \$1.4 million for program evaluation.

The remaining portion of the request for this account provides funding for OSMRE's Federal reclamation operations, evaluation and oversight of State reclamation programs, cooperative agreement funds to watershed public interest groups, technical training and other technical assistance to the States and Tribes, reclamation fee collection and audits, and other administrative and executive activities.

Legislative Proposals

The budget proposes to improve major components of the AML program in an effort to increase total funding available for the reclamation of abandoned mines which will accelerate the completion of priority abandoned coal problems, create jobs, and revitalize communities impacted by this legacy of historic mining practices. In addition to the proposals to strengthen the AML Program, the budget proposes to provide for retired coal miners and their families that are at risk of losing their health and pension benefits.

First, as part of the POWER+ Plan, the budget proposes to accelerate the disbursement of \$1 billion dollars, over 5 years, from unappropriated balances in the Abandoned Mine Reclamation Fund to States and Tribes to build new development opportunities and new jobs in communities impacted by abandoned coal mine lands. This accelerated AML funding would be used by States and Tribes for the reclamation of abandoned coal mine land sites and associated polluted waters in a manner that promotes economic diversification and development in economically distressed coal country communities.

The second proposal is to end the current permanent appropriation payments to States and Tribes that have finished restoring their abandoned coal mines, saving the taxpayer \$34 million in 2016 and \$224 million over the next ten years. Presently, these payments can be used for any purpose and therefore may not, necessarily, contribute to the goal of addressing abandoned mine hazards.

Third, the budget proposes to restore coal fees to the 1977 levels which were in effect until the 2006 amendments to SMCRA reduced the fees. The proposal to return the reclamation fees to historic levels will generate an additional \$49 million in 2016 that will be used to reclaim priority abandoned mine sites and address over \$4 billion in remaining dangerous high priority AML sites nationwide.

Fourth, the budget proposes to build off of the successes of the coal AML program to create a parallel program for hardrock AML reclamation. Similar to the coal industry, the hardrock industry has left a legacy of abandoned mine sites that create health, safety, and environmental hazards. Currently, no hardrock reclamation fee exists that provides revenue to a dedicated hardrock reclamation fund, which leaves States, Tribes, and Federal land managers to address these sites as part of their general revenue budgets or with funds from the coal AML Fund when possible.

Finally, the budget proposes to provide for retired coal miners and their families by revising the formula for general fund transfers to the 1993 UMWA Health Benefits Plan.

All beneficiaries enrolled in the Plan as of enactment of the proposal will be considered, as well as those retirees whose health benefits were denied or reduced as the result of a bituminous coal industry bankruptcy proceeding commenced in 2012. Additionally, the proposal would transfer funds through the Pension Benefit Guaranty Corporation to the trustees of the 1974 UMWA Pension Plan and Trust (1974 Pension Plan) in order to protect the 1974 Pension Plan's long-term solvency. The 1974 Pension Plan, which covers more than 100,000 mineworkers, is underfunded and approaching insolvency. The new formula will provide an additional \$363.3 million to these health and pension plans within the UMWA Health and Retirement Funds in 2016 and \$3.9 billion over ten years.

Conclusion

Thank you for the opportunity to appear before the Committee today and testify on OSMRE's FY 2016 budget request.

Please be advised that due to my previous position with the Commonwealth of Pennsylvania, I have recused myself from matters pertaining to Pennsylvania in which I was personally involved that would present a conflict or an appearance of impropriety. The Committee questions that fall within the scope of my recusal I will refer to my deputy, Glenda Owens, who is here today.